

10-2-1978

## Japan Forum for a New Free Society

Mike Mansfield 1903-2001

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### Recommended Citation

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*File Speeches*

*for*

THE CHALLENGE OF THE PACIFIC BASIN

REMARKS BY AMBASSADOR MIKE MANSFIELD

TO THE JAPAN FORUM FOR A NEW FREE SOCIETY,  
AKASAKA PRINCE HOTEL, TOKYO, OCTOBER 2, 1978

Gentlemen, it is indeed a pleasure for me to address you here today. I have reviewed the prospectus Mr. Morita provided on the Japan Forum for a New Free Society, and am impressed both by the high quality of your membership and by the objectives of your organization.

I was told the Forum consisted of political leaders, captains of industry, distinguished educators and masters of the arts and humanities, and that your membership undoubtedly includes many men who in the years ahead will exercise the highest decision-making authority in Japan. A perusal of your membership leads me to believe this may be an understatement, and that in fact many of you already shoulder the responsibility of great power and influence in your various fields of endeavor.

I am likewise impressed by the splendid objective you have set before you. To respond to the great challenges of contemporary Japan in the perspective of the future of the nation is indeed a noble endeavor. This morning I wish to share with you some of my thoughts on a topic which relates directly to your objective - that is, the challenge of the Pacific Basin in the last quarter of this century.



I first set foot in Japan in 1922, down in Nagasaki where ships from across the world were anchored in an ever expanding interchange of merchandise, ideas and technology. Since that time I have had the opportunity of traveling widely in Asia, and of witnessing its development through the same skill, industriousness and internationalism exhibited by the people of Nagasaki over 50 years ago. Today, as American Ambassador, I continue to witness that same creative spirit throughout Japan, and I sense it here today in this very Forum. I mention this fact at the outset because I believe that while the challenges of the Pacific Basin are considerable, they are more than matched by the determination of the people of Asia to meet them.

I should begin by observing that last year the economic growth rate of Japan was exceeded by that of South Korea, Taiwan, Hong Kong, the Philippines, Singapore, Thailand, Malaysia and Indonesia. This is not to criticize Japan. On the contrary, it points out that the economic dynamism of this part of the world is by no means limited



to Japan. From Southeast Asia through China and Japan outward to Australia and Oceania, the nations of the Western Pacific are today experiencing a sustained pattern of economic growth with vast implications for Japan, for the United States and for the rest of the world. The rate of growth of the nations of East Asia is now three times that of the European OECD countries. During the past 10 years the international trade of the region has grown some 300% in real value, and its share of world trade has risen from 12 to 16%. During the same period the East Asian share of total world product increased from 11 to 16% - a fact which is even more significant since it includes the period of tremendous oil price rises and Middle East economic expansion.

These are remarkable statistics. They highlight the kind of growth East Asian nations are capable of sustaining for the benefit of their peoples. They are a tribute to indigenous skill and determination. They also reflect extensive economic, political and cultural relations with the rest of the world.



Nowhere is this more obvious than in this country. A nation virtually devoid of natural resources, Japan relied on the best resource of all, its people, to meet the challenges of modernization. You know better than I the history of Japan's movement from an insular nation of a hundred years ago to the internationally prominent nation of today. I merely submit that the phenomenal growth Japan has experienced, with its attendant benefits to the Japanese people, correlates closely with the growth of its international commerce, science and technology. All this, I might add, has stimulated a growing Japanese political role on the world scene.

In Korea and Taiwan a similar phenomenon is now occurring, so pronounced that I have heard some Japanese express concern about their economic competition. But international competition can be a healthy factor in a nation's economy. It presents problems of adjustment. It also presents opportunities to allocate resources to more productive long-term enterprises. Both our countries have experienced this development in our labor-intensive industries. Looking



toward the last decades of this century, however, it is my view that the competition inherent in international trade will promote rather than stifle the overall well-being of our nations. I welcome the developments in Korea and Taiwan, as I believe more Japanese will also. With regard to China I should begin by taking note of the conclusion of the Japan-China Peace and Friendship Treaty. It is undoubtedly an event of considerable historical significance, and one which should contribute to Asian peace and stability. The Peace and Friendship Treaty reflects an already strong and active relationship, and symbolizes the determination of both parties for still closer ties.

China is hoping to achieve significant increases in productivity levels by the year 2000. During the past 10 years its oil production has increased 650%, and indications are an upward trend will continue. Japanese and American participation in the development of Chinese oil and other resources may be critical to Chinese success in this field. In this regard I noticed press reports that China has requested Japanese cooperation in building a giant integrated steel mill in Hopei province. There



are also reports that China recently ordered two deep-water oil rigs from Japan and three from the United States. Prior to these orders the OECD had already forecast that Chinese oil exports would reach 1.2 million barrels per day by 1985, offering a more diverse supply in a world of limited energy resources. Thus the potential for Chinese economic development is enhanced by mutually advantageous cooperation with Japan and the United States.

The same might be said of Southeast Asia. In the wake of the Vietnam war speculation abounded that instability and economic decline would pervade the ASEAN nations. The opposite has in fact occurred. Conflict in Indochina has continued but the ASEAN states exhibit remarkable resiliency in coping with their problems in the post-Vietnam war period. Contributing to their brighter prospects is a healthy relationship with Japan and the United States. Prime Minister Fukuda's trip to Southeast Asia in the summer of last year demonstrated a more active Japanese interest in the region. The visit to Southeast Asia by Vice President Mondale last May and the US-ASEAN Ministerial held in Washington last August show a continuing American interest in the region. These political initiatives complement and support ASEAN's growing economic



importance. Two-way Japanese trade with ASEAN last year totaled \$16.4 billion, while U.S.-ASEAN trade amounted to \$11.6 billion, and the trend of both is up. Increased investment has accompanied the trade. Japanese and American companies are actively engaged in the development of oil, natural gas, and many other resources which will benefit both Southeast Asia and our own nations. I also understand that Japan has been providing around half of its official development assistance to the Southeast Asian states. This should contribute significantly to the prosperity of the area.

Finally, I would be remiss not to mention opportunities for trade and development in Australia, New Zealand and the smaller isles of the Western Pacific. Many natural land and sea resources of these areas are largely untapped and their development could benefit many nations of the Pacific.

The development of East Asia, then, appears to me to be progressing very well - unmatched either in its recent history or by most of the world today. Despite continuing conflict in Indochina and potential conflict elsewhere in the region, the prospects for lasting



peace appear to be better than any time since World War II. Japan and the United States contribute to and benefit by that peace and stability and we share an interest in its maintenance. The United States intends to maintain strong bilateral relations with the nations of the Pacific Basin. I know that Japan also has this as a major foreign policy goal.

But it is in the relationship between the United States and Japan that the almost limitless potential of the Pacific Basin is perhaps most highly developed. Our ties, founded on the common aspirations and ideals of democratic systems, and fueled by the energy and productivity of our advanced economies, are one of the singularly significant factors of these times. While our interests cause us to develop policies which often are complementary and mutually reinforcing, our views obviously are not always identical. The success of our relations lies in our ability to achieve agreement across as broad a spectrum as possible, and so mute and contain our differences where they remain. Politically this requires close consultation on many levels in order to deal expeditiously with the problems inherent in any relationship as multifaceted as ours. It requires



compromise where differences can be reconciled and respect for each other's independent judgement where they cannot. I emphasize the spirit of compromise because I believe compromise is essential to any democracy, and is particularly important in a relationship as strong as ours and which affects so many other nations. Individual initiatives are not inhibited by such cooperation. The recent visit of Prime Minister Fukuda to the Middle East, and the signing of the Japan-China Peace and Friendship Treaty, are examples of recent Japanese initiatives and reflect Japan's increasingly active diplomacy. Economically the \$40 billion trade expected this year between Japan and the United States serves to provide needed goods to both our peoples at a price they can afford. Our bilateral trade, and our trade with the rest of East Asia, is as integral part of our own economic growth as it is to the nations of the Pacific. In 1977 American trade with East Asia totaled \$63.6 billion and exceeded our trade with all of Western Europe for the first time in history. Our cumulative investment in the region exceeds \$15 billion and the trend is up. I understand Japanese trade and investment is similarly increasing.



Despite its vast benefits this trade also creates certain problems. Large and persistent trade deficits can cause major economic dislocations, contribute to currency fluctuation, and fuel the forces of protectionism. To avoid such problems it is the American challenge to expand exports and the Japanese challenge to expand imports. By increasing imports Japan would not only reduce international criticism but also improve the quality of life of its citizens. The rapid appreciation of the yen should help redress trade imbalances. The exchange rate has clearly reached the point where its impact on our bilateral trade will be increasingly felt. Already the volume of Japanese exports is declining. While the volume of American imports has increased slightly due to their reduced yen cost, it is likewise clear that American goods would be even more attractive in the Japanese market were exchange rate savings passed on more fully to the Japanese consumer. Yet exchange rates alone cannot solve the problem of trade imbalances. The difficulties associated with Japanese-American trade require continued intense efforts by both sides. One example of such effort is the arrival in Japan this afternoon of a trade mission of over 100 American businessmen, here to promote long-term sales of American products. Later this month a Japanese food products importing mission of



about 55 Japanese business representatives will visit the United States. These missions and the others which follow in the months ahead are part of a long-term effort to correct our international payments problem by expanding exports. These and other efforts to open the Japanese market to the now less expensive American imports should go a long way to prevent economic problems from causing political crises. As I mentioned earlier, close consultation and a willingness to compromise is an essential part of this process. The results, I believe, will augur well for Japanese-American relations and will benefit the rest of East Asia as well.

Finally, increased security and stability in the region obviously is an essential element of the continued success of East Asian political and economic development. I believe the United States has contributed to the climate of security which now exists, through the defense relationships we maintain with seven nations in the region and the more than 130,000 troops we have stationed in the Western Pacific. Our forces in Japan and throughout the region provide a deterrent to any potential aggressor.



The Treaty of Mutual Security and Cooperation between the United States and Japan is a key element of that deterrent. We are committed to the defense of Japan and will maintain our commitment to the defense of this country.

Japan is sometimes criticized in my country for not spending enough on defense. I find it necessary to point out from time to time that despite Constitutional constraints on its military role, Japan is spending nearly \$10 billion on defense this year, and is making considerable effort to modernize its tactical forces with a view toward the defense of its home islands. Ideally, these expenditures, as well as the over \$100 billion annual American defense expenditures should be unnecessary. Ideally they would be better spent on human needs such as health and education. The United States is striving to make such reallocations possible. We are now negotiating with the Soviet Union, which spends some 13% of its GNP on military power and has rapidly expanded its Asian forces, to reach a new Strategic Arms Limitation Treaty. We are also seeking to defuse conflict situations in the Middle East and



elsewhere. Yet until these and other efforts bear fruit we will continue to pay the high price which national security demands, and this includes our commitment to Japan.

I have spoken briefly this morning of my confidence in the economic dynamism and long-term potential of the Pacific Basin. In my opinion the future of this part of the world is firmly rooted in the skill and industriousness of its people, coupled with a willingness to cooperate in a world-wide system involving many facets of human relations. This involves not only free but fair trade. It also involves exchanges of financial, technological and cultural assets. It is part of a global exchange of ideas, whose ultimate goal is a better life for all mankind. In my lifetime I have seen the results of such exchanges. They have created tremendous opportunities as well as some problems. A high level of international exchanges requires a high level of political and economic cooperation, as well as a secure environment in which to pursue such cooperation.

As I see it, the continued peace and prosperity of the Pacific Basin, and the world as well, is highly dependent

upon the effective cooperation of the world's two leading industrial democracies. The challenges and opportunities it creates for our two nations are as great as any we have faced. So also, I believe, is our ability and determination to respond to those challenges and opportunities.



Participants Attending

Those marked "○" have answered that they will attend  
(known as of September 29, 1978).

The Japan Forum for a New Free Society  
Breakfast Meeting

Special Guest Speaker:

His Excellency Michael J. Mansfield  
Ambassador Extraordinary and Plenipotentiary  
of the United States of America

8:00 a.m.

October 2, 1978

Akasaka Prince Hotel

Tokyo

The Japan Forum for a New Free Society

List of Members (in alphabetical order)

August 24, 1978

- |                   |   |
|-------------------|---|
| ○ ABE, Shintaro   | Member, House of Representatives;<br>State Minister (Chief Cabinet Secretary);<br>former Minister, Ministry of Agriculture<br>and Forestry. |
| AIDA, Yuji        | Professor, Kyoto University. (Well-known<br>author and lecturer on comparative culture)   |
| AMAGI, Isao       | Director General, Japan Society for The<br>Promotion of Science; former Vice Minister,<br>Ministry of Education.                            |
| CHINO, Yoshitoki  | Executive Vice President, Daiwa Securities<br>Co., Ltd. (One of the leading investment<br>bankers in Japan).                                |
| ETO, Jun          | Professor, Tokyo Institute of Technology.<br>(Well-known literary critic and expert on<br>comparative culture)                              |
| ETO, Shinkichi    | Professor of International Political History,<br>Tokyo University. (China expert)   |
| ○ FUJITA, Kazuaki | President, Fujita Corporation (Large con-<br>struction company)   |
| HASHIGUCHI, Osamu | Chairman, Fair Trade Commission of Japan.   |
| HATTORI, Reijiro  | Executive Vice President, K. Hattori and<br>Co., Ltd. (Japan's largest sales company<br>of watches (SEIKO) and precision instruments)       |
| IKENOBO, Sen-ei   | Head Master, Ikenobo Ikebana School.<br>(A leading flower arrangement school)   |



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|-----------------------|--|
| INAMORI, Kazuo        | President, Kyoto Ceramic Co., Ltd. (One of the most successful venture business in manufacture of precision electronics parts)   |
| ISHIBASHI, Kan-ichiro | Chairman Bridgestone Tire Co., Ltd.  |
| ○ ISHIHARA, Shintaro  | Member, House of Representatives; former State Minister (Director-General, Environment Agency). (A famous novelist and essayist) |
| ○ ITO, Masatoshi      | President, ITO-YOKADO, CO., Ltd. (One of the largest super-market chains in Japan)   |
| ○ IWASAWA, Osamu      | President, Hokkaido Television Broadcasting Co., Ltd.; Chairman of the Board of Directors, Sapporo University.                   |
| KAIFU, Toshiki        | Member, House of Representatives; former Minister, Ministry of Education.  |
| KATO, Kan             | Professor of Economics, Keio University. (Well-known economic commentator)   |
| ○ KAWAI, Ryoichi      | President, Komatsu, Ltd. (Japan's largest manufacturer of tractors and construction machinery)                                   |
| ○ KAWAI, Saburo       | President, International Development Center of Japan; former Vice Minister of Home Affairs.                                      |
| ○ KAWASHIMA, Hiromori | Vice President, Japan Railway Construction Corporation; former Deputy Chief Cabinet Secretary.                                   |
| KAWASHIMA, Kihachiro  | Executive Vice President, Honda Motor Co., Ltd.  |
| ○ KOBAYASHI, Yotaro   | President, Fuji-Xerox Co., Ltd.  |



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|----------------------|--|
| KOMATSU, Yugoro      | Advisor, Kobe Steel, Ltd. (effective September 1, 1978); former Vice Minister, Ministry of International Trade and Industry (MITI).  |
| ○ KUROKAWA, Kisho    | Architect (Well-known expert in urban planning and design)   |
| ○ KUROSAWA, Yoh      | Director and General Manager, Business Coordination Department, The Industrial Bank of Japan, Ltd.   |
| MAKIHARA, Minoru     | Deputy General Manager, Marine Products Dept., Mitsubishi Corporation. (former representative of this company in Washington D.C.)  |
| ○ MATSUZONO, Naomi   | President, Yakult Honsha Co., Ltd. (Japan's largest manufacturer of lactic acid bacillus beverage)   |
| MAYUZUMI, Toshiro    | Composer and music critic.   |
| MIKI, Akira          | Director and General Manager of Personnel Dept., Nippon Steel Corporation.   |
| ○ MITSUZUKA, Hiroshi | Member, House of Representatives; Vice Minister, Ministry of Transportation.   |
| ○ MIYAZAWA, Kiichi   | Member, House of Representatives; State Minister (Director-General, Economic Planning Agency, and taking charge of comprehensive traffic policy); former Minister, Ministry of International Trade and Industry; former Minister, Ministry of Foreign Affairs. |
| ○ MORITA, Akio       | Chairman and Chief Executive Officer, Sony Corporation.  |
| MURAMATSU, Takeshi   | Professor (comparative literature), The University of Tsukuba (Well-known critic)  |



- NAITO, Akito                      President, Rinnai (largest producer of gas heater) (Leading businessman of Chukyo district which includes the city of Nagoya).
  
- NAITO, Chimori                      Managing Director, The Kansai Electric Power Co., Inc. (Supplies electric power to the entire region of Osaka and surrounding area.)
  
- NAKAGAWA, Ichiro                  Member, House of Representatives; Minister, Ministry of Agriculture, Forestry and Fisheries.
  
- NASU, Sho                          Director and General Manager of Legal Corporation Affairs Department, Tokyo Electric Power Co. Inc.
  
- NOMURA, Ryutaro                  Chairman, Taiyo Kogyo Co., Ltd. (One of the successful venture businesses) (Leading businessman of Kansai district.)
  
- OHNUMA, Jun                      Chairman of the Board, Bunka College of Fashion. (Japan's largest fashion school chain)
  
- SAJI, Keizo                        President, Suntory Limited; Vice President, Kansai Economic Federation.
  
- SEN, Soshitsu                      Head Master, Urasenke School of Tea Ceremony. (A leading school of traditional tea etiquette)
  
- SHIJIMA, Tsukasa                  President, Fukuoka Sogo Bank, Ltd. (Leading businessman of Kyushu district.)
  
- SUEMATSU, Ken-ichi                Director and General Manager, Head Office, Business Division, Mitsui Bank, Ltd.
  
- SUNADA, Shigetami                Member, House of Representatives; Minister, Ministry of Education.
  
- SUZUKI, Tetsuo                      President, Hoya Corporation (Japan's largest manufacturer of crystal and optical glass)



- TAKASAKI, Yoshiro      President, Toyo Seikan Kaisha, Ltd.  
(Japan's largest manufacturer of cans)
  
- TAKESHITA, Noboru      Member, House of Representatives;  
Chairman of National Organization Committee,  
LDP; former Minister, Ministry of Construction;  
former Deputy Chief Cabinet Secretary.
  
- TANAKA, Rokusuke      Member, House of Representatives;  
Vice Chairman of Diet Policy Committee, LDP.
  
- TOKUMA, Yasuyoshi      President, Tokuma Shoten Publishing Co., Ltd.  
Tokyo Times Co., Ltd. (Local daily Newspaper)
  
- TOYOTA, Shoichiro      Executive Vice President, Toyota Motor Co.,  
Ltd.
  
- TSUJI, Hyokichi      President, Tsujihyo Co., Ltd. (Leading  
businessman of northeastern Japan)
  
- TSUKAMOTO, Koichi      President, Wacoal, Inc. (One of the largest  
clothing manufacturers in Japan, known for  
its fashion creations)
  
- URAKAWA, Hiroshi      Member of the Board of Directors and General  
Manager of Personnel Department, Nissan  
Motor Co., Ltd.
  
- WATANABE, Michio      Member, House of Representatives;  
former Minister, Ministry of Agriculture  
and Forestry.
  
- WATARI, Sugiichiro      Group Executive, Heavy Apparatus Group,  
Tokyo Shibaura Electric Co., Ltd. (An  
authority on electric power generating plants)
  
- YAMADA, Minoru      President, Daikin Kogyo Co., Ltd.  
(Manufacturer of air conditioning equipment)  
(Leading businessman in Kansai area)



○ YAMASHITA, Ganri

Member, House of Representatives;  
former Deputy Chief Cabinet Secretary.

YAMASHITA, Hideaki

Executive Managing Director, Mitsui & Co., Ltd.;  
former Vice Minister, Ministry of International  
Trade and Industry.

YANO, Akira

Professor of International Politics, Kyoto  
University.

YOSHIKUNI, Jiro

President, Bank of Yokohama, Ltd.;  
former Vice Minister of Finance.

○ KIYOMIYA, Ryu

Executive Secretary, The Japan Forum for  
a New Free Society.

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